

ALSTON & BIRD

One Atlantic Center
1201 West Peachtree Street
Atlanta, Georgia 30309-3424

404-881-7000
Fax: 404-881-7777

Direct Dial: 404-881-7880

John L. Douglas

September 12, 1996

Mr. Jack Smith
Deputy General Counsel
Federal Deposit Insurance Corporation
Washington, DC 20429

VIA FACSIMILE

-and-

Mr. Richard Stearns
Deputy Chief Counsel
Office of Thrift Supervision
Washington, DC 20552

VIA FACSIMILE

Re: FDIC v. Hurwitz; In re United Savings Association of Texas; Consent to
Discuss Possible Settlement with the Executive Branch

Dear Mr. Smith and Mr. Stearns:

I write on behalf of our client, Charles Hurwitz, in furtherance of our settlement discussions commenced earlier this week. You have requested our approval to discuss the settlement of your actions against Mr. Hurwitz and the other respondents with officials of the Executive Branch of the Government. It is our understanding that various offices and departments of the Executive Branch are involved in discussions with Mr. Hurwitz and certain entities in which he may be involved regarding settlement of other claims and disputes, including the possible swap of the Headwaters properties for other government properties and claims. Representatives of the White House, the Department of the Treasury, the Department of Interior, the Department of Agriculture and the Justice Department may all be involved in such discussions.

On behalf of Mr. Hurwitz and the other corporate and individual respondents that are parties to the actions you have commenced, we hereby (i) consent to your discussing our proposed settlement, your claims and related matters with those individuals in the Executive Branch that are involved in the discussions with Mr. Hurwitz and the related entities; and (ii) consent to the Executive Branch disclosing to you their discussions with Mr. Hurwitz and the related entities regarding the Headwaters and related matters.

601 Pennsylvania Avenue, N.W.
North Building, Suite 250
Washington, D.C. 20004-2601

ATTACHMENT B

JS 003378

Mr. Jack Smith
Mr. Richard Stearns
September 12, 1996
Page 2

including the proposed settlement of such matters. We advise you that the fact that you are engaging in such discussions will not be presented to, used in or admissible in any action or proceeding, nor will our consent be so presented, used or admissible.

As we indicated in our meeting Tuesday, we view the current situation as presenting a window of opportunity to settle the various claims. We are willing to attempt in good faith to reach such a settlement as quickly as possible, and would appreciate hearing from you at your earliest convenience.

Both this letter, and the other materials we have provided you, are confidential settlement materials and shall not be admissible.

Sincerely,



John L. Douglas

JLD:ld

cc: Richard Keeton
Charles Hurwitz

[AD962560.012]